

DEPARTMENT OF WORKFORCE DEVELOPMENT  
DIVISION OF WORKFORCE SOLUTIONS  
ADMINISTRATOR'S MEMO SERIES

☐ ACTION  
☒ NOTICE 06-09

ISSUE DATE: 5/31/06  
DISPOSAL DATE: Ongoing

\*PROGRAM CATEGORIES:

<input type="checkbox"/> AS	<input type="checkbox"/> FM	<input type="checkbox"/> ML	<input type="checkbox"/> TR
<input type="checkbox"/> CC	<input type="checkbox"/> FL	<input type="checkbox"/> NA	<input type="checkbox"/> W-2
<input type="checkbox"/> CS	<input type="checkbox"/> IT	<input type="checkbox"/> RA	<input checked="" type="checkbox"/> WIA
<input type="checkbox"/> CF	<input type="checkbox"/> JC	<input type="checkbox"/> TC	
<input type="checkbox"/> CR	<input type="checkbox"/> LM	<input type="checkbox"/> TA	

**To:** Workforce Development Board (WDB) Directors

**From:** Bill Clingan /s/  
Division Administrator

**RE:** WORKFORCE INVESTMENT ACT (WIA) 80% OBLIGATION REQUIREMENT

**PURPOSE:** To announce how the 80% obligation requirement at the end of the first year of grant funds and the 2 year expenditure limit will be applied to local workforce development areas.

**BACKGROUND:** The United States Department of Labor (DOL), in the WIA regulations at 20 CFR 667 Administrative Provisions implementing Title I of the WIA, outlines the availability of funding and required expenditure levels for the WIA funds. These regulations provide that any state that has not obligated at least 80% of its available grant funds at the end of the first year of grant activity may have its grant reduced by DOL. This reduction would be the amount of funds above the 20% allowed to be carried over. It also requires funds not fully expended by states at the end of year 3 to be returned to DOL. In addition, local funds not fully expended by the end of year 2 must be returned to the state.

DOL Employment and Training Administration (ETA) is currently considering a new policy that proposes having a 70% expenditure threshold at the end of the first year for each program. Until the DOL ETA implements this new policy, the 80% obligation requirement must be enforced.

**POLICY:** DOL reviews each state's unobligated funds as of July 1 of each year. Each category of funds is looked at separately: youth, adult, dislocated workers rapid response, and 10% statewide projects, taking into account any transfers between adult and dislocated worker

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\* PROGRAM CATEGORIES:

AS--Apprenticeship Standards	FM--Financial Management Requirements	ML--Migrant Labor	TR--Transportation
CC--Child Care	FL--Foreign Labor Certification	NA--Native American Services	W-2--Wisconsin Works
CS--Child Support	IT--IT Systems	RA--Refugee Assistance	WIA--Workforce Investment Act
CF--Children First	JC--Job Center	TC--Tax Credit Programs	
CR--Civil Rights	LM--Labor Market Information	TA--Trade Assistance	

funding streams. The 5% state administration and 10% local administration funds are included in these calculations for cost recovery purposes. DOL will also review expenditure levels each quarter because they are required to report to Congress on the status of state spending on the WIA programs. Any amount in excess of the allowable 20% of funds unobligated for each funding stream is subject to recovery and reallocation by DOL. The state has the option of implementing these same criteria at the local level.

20 CFR 667.107 declares that states have three years in which to spend all program funds, but local areas must spend all funds by the end of the second year of the grant. Any unspent local funds at the end of year 2 are to be returned to the state and will be used either for statewide projects or reallocated to qualifying local areas, to be spent by the end of year 3. DWD's CORE reports on file as of July 31 will be used as the basis for any expenditure rate calculations.

**ACTION SUMMARY STATEMENT:** In order to avoid losing grant funding (deobligation), WDBs need to appropriately adjust their program activities and maintain financial records to account for the 80% obligation level and to assure that funds are fully spent, by program, by the end of year 2 of the grant award.

The CORE reports for June must be submitted on time to avoid the May reports being used for any obligation or expenditure rate calculations.

**CONTACT:** If you have any questions about this memo and the attachment, please contact Mark Macke at 608-266-5309 or [mark.macke@dwd.state.wi.us](mailto:mark.macke@dwd.state.wi.us) or Nancy Eilks at 608-267-2985 or [nancy.eilks@dwd.state.wi.us](mailto:nancy.eilks@dwd.state.wi.us).

**Attachment:** Examples of application of the 80% obligation rate.